DEPARTMENT OF STATE A/CDC/MR
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Department of State **TELEGRAM**

AN: D750164-0705

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
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FM AMEMBASSY SEOUL
TO SECSTATE WASHDC IMMEDIATE 9985

C O N F I D E N T I A L SEOUL 3315

EXDIS

E.O. 11652: GDS
TAGS: EGEN KS
SUBJECT: GULF OIL POLITICAL CONTRIBUTIONS IN KOREA
REF: STATE 109057

1. ACCORDING TO ARTI WHICH WAS IN FORCE DURING 1967 AND 1971 ELECTIONS (AND WHICH CAN STILL BE BASIS FOR PROSECUTION) A CANDIDATE OR POLITICAL PARTY IS PROHIBITED FROM SOLICITING OR RECEIVING A CAMPAIGN CONTRIBUTION FROM A FOREIGNER OR A FOREIGN CORPORATION. ARTICEL STATES, HOWEVER, THAT PROHIBITION DOES NOT APPLY IN CASE OF FOREIGN CORPORATION WHICH IS "UNDER THE CONTROL" OF THE REPUBLIC OF KOREA. THERE IS THUS SOME POSSIBILITY THAT IF CONTRIBUTIONS WERE MADE THROUGH ROK-CONTROLLED KOREAN OIL COMPANY (KOCO) NO VIOLATION OF THIS ARTICLE WAS INVOLVED. IN ANY EVENT, IT SEEMS DOUBTFUL THAT FOREIGN CONTRIBUTIOR COULD BE IN VIOLATION OF ARTICLE 64 SINCE ARTICLE PROHIBITS ONLY SOLICITING OR RECEIVING OF CONTRIBUTION AND SAYS NOTHING ABOUT ACT OF CONTRIBUTING.

2. APART FROM POSSIBLE VIOLATION OF ABOVE ARTICLE, PRESIDENT PAK AND/OR DEMOCRATIC REPUBLICAN PARTY OFFICIALS COULD HAVE VIOLATED SECTIONS OF ELECTION LAW DEALING WITH LIMITS ON CAMPAIGN EXPENDITURES AND KEEPING RECORDS OF TRANSACTIONS. ARTICEL 69 STIPULATES THAT CANDIDATE MAY MAKE EXPENDITURES WITHIN LIMITS SET BY CENTRAL ELECTION MANAGEMENT

REVIEW
Cat. A - Caption removed; transferred to O/FADRC
Cat. B - Transferred to O/FADRC with additional access controlled by S/S
Cat. C - Caption and custody retained by S/S
Reviewed by:
Date: 10 82

COMMITTEE. WE ARE UNAWARE AT THIS POINT WHAT THOSE LIMITS WERE FOR 1967 AND 1971 ELECTIONS, BUT IT IS POSSIBLE THAT GULF 1971 CONTRIBUTION OF $3 MILLION EXCEEDED TOTAL ALLOWABLE EXPENDITURES. ARTICLE 75 REQUIRES PARTY ACCOUNTANT TO KEEP RECEIPTS ON CAMPAIGN EXPENDITURES, WHICH MAY OR MAY NOT HAVE BEEN DONE IN CASE OF EXPENDITURE OF GULF MONEY.

3. WE ARE CHECKING INTO WHETHER GULF AND/OR KOREAN SIDE MAY HAVE VIOLATED FOREIGN EXCHANGE OR OTHER REGULATIONS IN HANDLING OF CONTRIBUTION.
SNEIDER